

**BOROUGH OF MIDDLESEX
SPECIAL MEETING MINUTES
FEBRUARY 18, 2016**

MAYOR'S STATEMENT: Under the provisions of N.J.S.A. 10:4-6 et seq., notice of the time and place of this meeting was given by way of the Special Meeting Notice of February 1, 2016 and was forwarded to the Star Ledger, Courier News and Home News, and posted on the Middlesex Borough Website and at the Municipal Building.

SALUTE TO THE FLAG

ROLL CALL

Mayor	Ron DiMura
Council President	Sean Kaplan
	Stephen Greco
	Patrick Corley
	John Madden
	Bob Schueler
	Jack Mikolajczyk

Attorney:	Aravind Aithal
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Mayor's Comments:

In the late part of 2013, the Borough of Middlesex enforced amendments made to the existing sewer ordinance in an effort to find a fair and equitable way to pay for the maintenance and improvement of our sewer system.

Unfortunately, those changes were not properly communicated and administered causing an overwhelming outcry from our business community. As a result, there have been many meetings and discussions about how to deal with our community's needs when it comes to addressing this issue over the past two years without any solutions. Tonight, I am presenting a solution that I believe will give us a fair and equitable mechanism to pay for the maintenance and improvement of our sewer system.

Our system consists of hundreds of miles of underground pipes that are more than 100 years old and need to be improved. Those pipes carry wastewater from homes and businesses to treatment plants that are controlled by the Middlesex County Utilities Authority (MCUA). We have a section of our community that we pump our wastewater through Piscataway to the treatment plants controlled by the MCUA. We are forced to do so because we do not have our own pump station to pump that wastewater to the county directly and we pay a hefty cost for this service. In addition to the pipes, the Borough has a pumping station on Bound Brook Road and two lift stations on Louis Avenue and Green Brook Road. Our Department of Public Works needs to monitor and maintain all our equipment so they are ready to clear blockages, repair breaks and other emergencies. They also monitor and maintain our pump station and lift stations which are filled with complex and often very hardworking mechanical equipment, which

is a very expensive task. Each year, the fees the Borough pays to the MCUA and Piscataway Township to take our sewage away and treat it increase with much of the fees based upon how much water is being put into the system.

After a review of our entire sewer system, it has been established that our sewer system is in need of improvements that are estimated to cost the Borough almost \$11 million. These improvements include; Re-lining a majority of the system to reduce infiltration; the removal and replacement of sewer mains throughout the Borough making the system more efficient; the construction of a new pump station and force main on South Avenue, so we are no longer dependent on Piscataway Township; and the rehabilitation of our two lift stations once again making the system more efficient. Now, how do we fund the needed improvements and maintenance?

I believe the previous way of paying for the sewer system was fundamentally unfair to the average homeowner. One of the goals of the proposed Sewer Ordinance Amendments is to make the funding of the sewer system and the needed improvements evenhanded for all residents and property owners in the Borough. Under the proposed amendments, those who generate more wastewater, sometimes considerably more wastewater will pay a fairer and more in the long run. Attached is my proposal. (See attachments)

Mayor DiMura asked each council member if they had any comments. All of the council agreed that this proposal under Option 1 is a good start. Councilman Mikolajczyk noted that he would like to see some of the numbers and explore financing option to get out of Piscataway as soon as possible. Mayor DiMura stated that we would have a separate meeting to explain how to fund it with our engineer.

PUBLIC COMMENTS

Mayor DiMura opened the Public Portion of the meeting for any comments.

The following business owners/residents had comments/concerns regarding the amendments to the sewer ordinance.

Richard Malt, 309 D Street, 201 Lincoln Blvd.

Mike Lombardi, 551 Bound Brook Road

John Ellery, 701 Lincoln Blvd.

Bryan Stock, 200 Blackford Avenue

John Mravchak, 128 Wood Avenue

Jim Gustafson, 528 Bound Brook Road

Todd Maino, 212 Lincoln Blvd.

Debra DeVuyst, 73 Ramsey Road

Warren Orlando, 221 Beechwood Avenue.

Rich Sowden, 107 Egel Avenue

Below is a summary of the concerns made to the Mayor and Council regarding the amendment to the sewer ordinance.

(1) Good start, but not fair. Should not have to start at "0" if you go over 160,000 gallons allotted. This means that if you go over the 160,000 gallons you pay not on the overage but pay on the whole amount. Needs to be fair and equitable fee for all (residents & business). Should only be charged for the overuse.

(2) Borough should create a "Utility" which would cost us nothing. Also, there should be a separate line item for sewers. This would allow us to know where every dollar goes.

(3) How much did the owners of 150 Lincoln Blvd. pay to hookup to the sewer? We charge minimum \$800.00. Willing to pay right amount for the hookup.

(4) 17 businesses are taking on the cost of the sewer ordinance amendment. Why is Middlesex the only town not charging a sewer fee.

(5) How many square miles is residential and how many businesses. We're going to spend more money to fix infrastructure for the residents while businesses pick up the tab.

(6) Piscataway and South Plainfield have flat fees.

(7) First time anything is on paper and it's a good start. Nobody understands the ad valorem tax. A recommendation was made to have accountant do an ad valorem tax rate for previous year. Put line item on tax bill stating "This is your ad valorem tax for sewer."

(8) Piscataway was charging 3 times more than the MCUA charges us. \$175,000-\$200,000 of \$300,000 goes to Piscataway.

(9) Watchung Terrace is a non-profit organization within a big corporation. They aren't paying user fees for 86 units.

(10) When filling out a certificate of occupancy it was suggested on the bottom of form put info on sewer dept. We can then gather data.

(11) Are we considering a fee for residents?

Seeing there was no more public participation, the Mayor closed the public portion of the meeting.

Mayor responded that he is not in favor of a flat tax nor is he in favor of forming a utility. It will only circumvent the 2% cap in budget. Taxpayers won't save money in taxes and homeowners

can't take it off taxes. Right now it's part of their mortgage. Mayor DiMura stated that he will notify the business owners two weeks before the introduction of the amended sewer ordinance.

ADJOURNMENT

Councilman Schueler made a motion to adjourn the Special Meeting seconded by Councilman Greco and carried by a unanimous vote of members.

PROPOSED SEWER AMENDMENTS

1. **Middlesex Borough Slip Lining Summary** - This estimate is based on the slip lining projects identified by our sewer department. The estimated cost of the project is **\$3.7 Million.**
2. **Middlesex Borough Removal and Replacement of Sewer Mains** - This estimate is based on roads identified by our sewer department. The estimated cost for this project is **\$1.8 Million.**
3. **Middlesex South Avenue Pump Station** - Construction of a new pump station and force main on South Avenue in order to eliminate the interconnection with the Township of Piscataway. The estimated cost for this project is **\$4.3 Million.**
4. **Middlesex Rehabilitation of two Pump Stations** - The removal and replacement of the Louis Avenue and Green Brook Road Lift Stations. The NJDEP identified these stations in need of emergency backup and bypass connections. The stations are more than 30 years old. The estimated cost for this project is **\$1.1 Million.**

Total Estimates: \$10.9 Million

Estimated Annual Sewer Costs

Including Flow, O&E, Maintenance and Improvements

Option#1

MCUA Flow Fees	\$1,300,000
Piscataway Fees	\$300,000
Annual Operation and Expenses	\$150,000
Estimated Maintenance and Improvements	\$1,000,000
Total:	\$2,750,000

Option#2

MCUA Flow Fees	\$1,300,000
Piscataway Fees	\$300,000
Annual Operation and Expenses	\$150,000
Estimated Maintenance and Improvements	\$750,000
Total:	\$2,500,000

Option#3

MCUA Flow Fees	\$1,300,000
Piscataway Fees	\$300,000
Annual Operation and Expenses	\$150,000
Estimated Maintenance and Improvements	\$500,000
Total:	\$2,250,000

Highlights of the Proposed Amendments

to the Sewer Ordinance

Connection Fees:

Use	Old	New
Single Family Residential	\$400.00	\$1000.00
Multi-Family Residential	\$400.00	\$1000.00/unit
Commercial	\$800.00	\$3000.00
Industrial	\$1000.00	\$5000.00

Sewer Use Charge

Any user which discharges more than 40,000 gallons of domestic sanitary waste water per quarter will be charged as follows:

Tier	Gallons/ Quarter	Rate Per Gallon (100's)
I	1 - 40,000	N/A
II	40,001 -125,000	0.401 (from 1st gallon of use)
III	125,001 - 250,000	0.435 (from 1st gallon of use)
IV	250,000 + (max. amount of 11,250,000)	0.475 (from 1st gallon of use)

In addition to the prevailing MCUA rates applicable

All users shall receive a credit for the charges which are included in their ad valorem taxes.

Appeals Process

- A. To a panel of the Borough of Middlesex made up of the Borough Engineer or the Borough's Engineering Consultant, a Representative of the Department of Public Works, appointed by the Mayor, a Resident of the Borough appointed by the Mayor, a Business Owner, appointed by the Mayor, where such business is located in the Borough of Middlesex and the Mayor or his/her designee.
- B. Said appeal shall be in writing, and shall include, in sufficient detail, the relief sought and the evidence, information or documents to support the relief sought. Relief shall be granted if a minimum of four (4) members of the panel agree upon such relief. The decision of the panel shall be final and binding.
- C. All appeals must be filed within ninety (90) days of dispatch of such billing or charge sought to be appealed.
- D. No appeal shall be considered by the panel, and an appeal shall not be considered as filed, unless payment of the entire sewer bill, including any disputed amounts, is made and received by the Borough in full.
- E. Any disputed amounts successfully appealed shall be applied as credit to future sewer bills.

The user charges shall be due and payable semiannually on April 1 and October 1 of each year. Unless actual flows are provided by user, sewer user charges for the current year shall be based upon the water consumption for the immediately preceding year.

Middlesex Borough's Taxable Values

<u>Residential and Vacant Land:</u>	\$395,876,100	79.9%
<u>Commercial. Industrial & Apartments:</u>	\$99,537,000	20.1%
<u>Total Tax Value:</u>	\$495,413,100	100%

Sewer Revenues Needed Annually

Approximate Annual Revenues from sewer surcharge:	\$1,000,000	
Additional Revenues generated through taxation:	\$1,750,000	(option#1)
	\$1,500,000	(option#2)
	\$1,225,000	(option#3)

Annual Revenue Breakdown

Approximate Revenue from Sewer Surcharge

<u>Residential and Vacant Land:</u>	\$93,000
<u>Commercial. Industrial & Apartments:</u>	\$907,000
Total:	\$1,000,000

Approximate Revenue from Taxation

<u>Residential and Vacant Land:</u>	\$1,398,250
<u>Commercial. Industrial & Apartments:</u>	\$351,750
Total:	\$1,750,000

<u>Total Revenue from Residential and Vacant Land:</u>	\$1,491,250	54%
<u>Total Revenue from Commercial. Industrial & Apartments:</u>	\$1,258,750	46%

Approximate Flow Percentages

<u>Residential and Vacant Land:</u>	63%
<u>Commercial. Industrial & Apartments:</u>	37%

Examples

User	2015	Projected 2016	Decrease
Bar & Rest.	\$2674.44	\$1755.02	35 % decrease
Restaurant #1	\$3079.82	\$2026.32	34 % decrease
Restaurant#2	\$5727.70	\$3962.80	30 % decrease
Cleaners	\$5362.06	\$4528.38	30 % decrease
Industrial	\$3299.69	\$2566.39	22 % decrease
Industrial	\$1483.32	\$1183.96	20 % decrease
Auto Repair Shop	\$1457.50	\$1118.45	23 % decrease

The majority of the users in Tiers 2 & 3 will see a decrease in 2016.

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The majority of the users in Tier 4 will see an increase in 2016.